



## California Postsecondary Education Commission

# Summary of the Higher Education Opportunity Act of 2008

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ITEM 3A

President Bush signed the Higher Education Opportunity Act of 2008 (H.R. 4137) into law on August 14, 2008. This legislation is the first complete reauthorization of the federal Higher Education Opportunity Act in ten years. The Act reauthorizes several important federal programs and addresses the policy areas of state support for higher education and various aspects of student financial and affordability. The 1,158-page Act touches on nearly every area of higher education and calls on the U.S. Secretary of Education to begin many new programs and initiatives.

### Institutional Financing and Financial Aid

**Application process.** Requires the Secretary to develop the EZ-FAFSA as an alternative to the Free Application for Federal Student Aid. The new form would be two pages and available in paper and electronic formats. Requires the Department of Education to work with the IRS to develop a method that allows applicants to complete as much of the form as possible with data from income tax returns.

**Pell grants and Perkins loans.** Increases Pell Grants from the current \$4,800 to \$6,000 in academic year 2009–10, and to \$8,000 in 2014–15. Additional Pell Grants will be awarded to students who attend school year round. Perkins Loan limits for undergraduate students increase from \$4,000 to \$5,500 annually. Aggregate limits increase from \$20,000 to \$27,500 for undergraduate students who have completed two years of study. For graduate and professional students, annual limits increase from \$6,000 to \$8,000 and aggregate limits increase from \$40,000 to \$60,000.

**Student loans.** Requires institutions' financial aid offices to establish and follow a code of conduct for student loan operations. Institutions must provide students and families with more information on loan options, including information on eligibility for Title IV assistance that distinguishes private loans from Title IV loans. Institutions are required to disclose more information about their relationships with lenders, particularly preferred lenders. Bars institutions from entering revenue-sharing agreements with lenders or accepting offers of funds for private student loans in exchange for business concessions. These provisions are designed to encourage students to maximize their use of lower-cost federal aid before turning to private loans.

Other provisions require loan guaranty agencies to work with institutions to provide students with programs and materials on budgeting, financial management, debt management, and financial literacy.

**State funding of higher education.** Establishes maintenance-of-effort requirements for states receiving College Access Challenge grants. Effective July 1, 2008, states are generally required to increase spending on higher education by at least as much as they increased it over the previous five years or risk having these grant funds withheld.

**Information on college costs.** Requires the Secretary to provide more information on college costs beginning July 1, 2011. This includes a list of the 5% of institutions with:

- a. The highest tuition and fees for the most recent academic year
- b. The largest increase in tuition and fees over the three most recent years
- c. The highest net price over the three most recent years
- d. The largest increase in net price over the three most recent years

The secretary must provide a list of the 10% of institutions with the lowest tuition and fees for the most recent academic year and the lowest net price for the most recent academic year.

**Incentives to restrain college costs.** Establishes a “Low Tuition” program requiring the Secretary to award grants to institutions with the lowest increases in tuition. Qualifying institutions include:

- a. Those with net tuition increases lower than the percentage change in a specified price index
- b. Public institutions with net tuition costs in the lowest quartile of comparable institutions
- c. Public institutions with increases in full-time undergraduate tuition of less than \$500

Public institutions with tuition in the lowest quartile of comparable institutions and that commit to annual tuition increases of no more than \$500, or less than the change in the price index, would qualify for bonus grants.

**Textbook costs.** Requires the Secretary to provide information on textbook pricing. The Act requires institutions with the largest increases in textbook costs to explain these costs and detail their efforts to lower these costs. In cases where textbooks are sold with aids, electronic versions, or other materials, publishers are required to provide prices for unbundled editions. Publishers are required to provide colleges and faculty with complete pricing information before the colleges make textbook purchasing decisions.

The Secretary is required to make competitive grants to up to ten institutions to support pilot programs that provide incentives for campus bookstores to give students the option of renting course materials instead of buying them.

## **Academic Preparation and Outreach**

**Federal outreach programs.** Reauthorizes TRIO educational opportunity grants and contracts designed to identify qualified students from disadvantaged backgrounds and help prepare them for college. The Act reauthorizes Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and allows the Secretary to award seven-year GEAR UP grants.

**Students with disabilities.** Directs the Office of Postsecondary Education to help establish a National Center for Information and Technical Support for students with disabilities. This center would provide information and technical assistance to students and their families to improve recruitment, retention, and completion rates.

**Veterans' benefits.** Increases financial aid and support for veterans and military families in conjunction with the newly-passed 21st Century GI Bill. Creates a scholarship program for active duty military personnel and their family members, and establishes support centers to help veterans in college.

**Preparation for college-level work.** Authorizes the Secretary to establish a pilot “Student Success” grant program. These grants would be competitively awarded to institutions where at least half of first-year students are enrolled in developmental courses in reading, writing, or mathematics.

## Improvements in Institutional Operations

**Information systems.** Establishes a State Higher Education Information System Pilot program in which the Secretary will award competitive grants to up to five institutions, states, or consortia of states. These grants would help states design state-level postsecondary student data systems to benefit postsecondary institutions and policymakers. The pilot projects must document and detail the costs and challenges faced in developing these data systems.

**Energy efficiency.** Creates a federal grant program to help institutions develop and apply sustainable energy practices. These programs must include energy management, greenhouse gas emissions reductions, green building, waste management, purchasing, transportation, and toxics management. Programs must integrate campus operations with educational programs. The Secretary will convene a summit of higher education experts, federal representatives, and business leaders to encourage cooperative efforts to enhance sustainability programs.

**Campus security.** Provides incentives, possibly including federal matching grants, to institutions that improve campus safety and security, develop emergency communications systems, and coordinate the provision of mental health services to students and staff affected by an emergency. Requires the Secretary to advise institutions and disseminate information on model emergency response policies, procedures, and practices. The Act requires the Secretary to develop a disaster relief plan, including a loan program, to assist colleges in the event of a federally declared emergency or disaster.

## Institutional Integrity

**Diploma mills.** Requires the Secretary to establish a task force to develop guidelines for distinguishing legitimate from fraudulent degree-granting institutions and to develop a diploma integrity protection plan to address the sale and use of fraudulent degrees. The Act urges states to carry out diploma integrity plans similar to the federal plan and allows states to adopt stricter standards than the federal standards.

The definition of a diploma mill will be under the direct authority of the Secretary. The Secretary will maintain information and resources on the Department’s website to assist students and families in understanding what a diploma mill is and how to avoid these schools. The Act directs the Federal Trade Commission to develop a plan to address diploma mills.

**Accreditation.** Tightens requirements for accrediting agencies recognized by the federal government. Accrediting agencies that evaluate distance education programs must demonstrate that their standards address the quality of distance education in the same manner as their classroom program evaluations.

As part of their accreditation or reaccreditation reviews, accrediting agencies must confirm that an institution has publicly disclosed its transfer-of-credit policies and the criteria of these policies. Accrediting agencies must make decisions on accreditation, non-accreditation, and probation available to the public.

## Other Areas

**Workforce incentives.** Authorizes up to \$10,000 in loan forgiveness incentives to college students entering high-need public service jobs, which include: public defender, prosecutor, firefighter, military service member, first responder, law enforcement officer, educator, or nurse. A “Jobs to Careers” program will direct the Secretary to award competitive grants to institutions to improve remedial education, customize remediation to student career goals, and help remedial students to progress into for-credit occupational programs.

**Student speech and association rights.** Expands protection of student speech and association rights by adding Congressional intent language stating that schools should encourage and support free and open exchanges of ideas, that students should not be intimidated, harassed, discouraged from speaking out, or discriminated against, and that students should be treated equally and fairly.

## Impact on California Institutions

The Act increases financial aid grants and loans, and provides for improved information to students on costs and other aspects of college attendance. California’s institutions enroll hundreds of thousands of students who receive federal grant aid. Many returning military veterans choose to reside in the state. The Act increases Pell Grants and Perkins Loans over the next few years and creates other federal programs and initiatives that states and institutions can apply for. These changes should result in an increase of more than \$1 billion in financial aid to California residents. The state’s higher education institutions will receive funds to improve campus security, energy efficiency, and information collection and use.

## Sources

California Student Aid Commission: [www.csac.ca.gov/FastBlast/20080815August.pdf](http://www.csac.ca.gov/FastBlast/20080815August.pdf)

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[www.nasfaa.org/publications/2008/HEAsummary.html](http://www.nasfaa.org/publications/2008/HEAsummary.html)